



UNITED STATES DEPARTMENT OF AGRICULTURE  
Agricultural Adjustment Administration

QUESTIONS AND ANSWERS ON COTTON MARKETING QUOTAS FOR 1939  
AND OTHER FEATURES OF THE  
AGRICULTURAL ADJUSTMENT ADMINISTRATION FARM PROGRAM  
APPLICABLE TO COTTON.

A Message to All Cotton Producers

On February 16 of this year, Congress passed the New Farm Act. Even though it was late in the season when the national allotment was established and the marketing quotas were determined, you immediately set about putting them into effect. You are to be commended for holding your cotton acreage within the national allotment. Marketing quotas have proved to be an effective means of bringing supply more nearly in line with demand.

In spite of the fact that you have considerably reduced your production this year, the price of cotton is still low, due primarily to the large carry-over from last year, which resulted from the record crop in 1937 and a decline in consumption. Until the supply of cotton is reduced you cannot hope to get a satisfactory price for your crop. The continued use of marketing quotas is a means of gradually lowering the supply of cotton in line with demand and of getting a price which will bring you a higher standard of living.

Plans are now being completed for you to vote on whether or not you want to use cotton-marketing quotas for the crop year of 1939. Every farmer who planted cotton in 1938 should carefully study the cotton situation, the purpose and effects of marketing quotas, and should express his decision by voting.

In order that you may have the facts necessary to make your decision, the following questions and answers have been prepared.

Cotton Marketing Quotas

1. Q. When quotas are in effect, what is the cotton marketing quota for a farm?

- A. The cotton marketing quota for a farm is the amount of cotton which may be sold without a penalty.

For a farm planting within its cotton acreage allotment, the quota is the amount of cotton it produces, plus any cotton produced in a previous year which would not have been subject to a penalty if it had been marketed in the year in which it was produced.

For the farm that overplants, the quota is the amount of cotton produced on the allotted acres or the normal production of the allotted acres, whichever is greater, plus any cotton produced in a previous year which would not have been subject to a penalty if it had been marketed in the year in which it was produced.

2. Q. What is the purpose of the cotton marketing quota?

A. The use of marketing quotas is one means of keeping cotton supplies more closely in line with demand. Quotas also serve as a protection to farmers who plant within their acreage allotments. Without quotas producers who overplant their allotments may defeat the efforts of those who try to adjust the supply to demand.

3. Q. When are producers privileged to use cotton marketing quotas?

A. When the total supply of American cotton is more than 7 percent above normal. The normal supply is considered to be a normal year's domestic consumption and exports plus 40 percent of that amount as an allowance for a normal carry-over. For 1938-39 the normal supply amounts to approximately 18,200,000 bales, while the present total supply is over 25,000,000 bales.

This is more than 37 percent above the normal supply.

4. Q. How do producers indicate that they wish to use this marketing quota privilege?

A. They have an opportunity to vote on whether or not they want marketing quotas. If two-thirds of the cotton farmers voting indicate that they want quotas, then quotas will be in effect for the following crop year.

5. Q. Are quotas applicable to all cotton?

A. To all cotton except that with a staple length of 1-1/2 inches or more.

#### Voting Facts

6. Q. When will farmers vote on cotton marketing quotas for 1939?

- A. December 10, 1938.
7. Q. Who is eligible to vote?
- A. All farmers who produced cotton in 1938.
8. Q. Who will make arrangements for the voting?
- A. The county committees. They will select a voting place in each community and will select three local farmers to make the necessary arrangements for producers to vote.
9. Q. Will a secret ballot be used?
- A. Yes.
10. Q. If a two-thirds majority of the producers voting give their approval, thereby putting cotton marketing quotas in effect for 1939, will quotas be applicable to States, counties and communities where the favorable vote was less than the required majority?
- A. Yes. The cotton problem is a national problem and not confined to any State or locality. Consequently, quotas, if voted into effect, will apply wherever cotton is produced.

Cotton Acreage Allotments

11. Q. What is the national cotton acreage to be allotted in 1939?
- A. Approximately 27,500,000 acres, about the same as in 1938.
12. Q. How much cotton may be expected to be produced on this acreage?
- A. With normal yields, about 12 million bales. The estimated production on about the same acreage in 1938 is 12.2 million bales.
13. Q. After the national cotton allotment has been divided among States and counties, how will the county allotments be apportioned to individual farms?
- A. The method used to make allotments in 1938 will also be used in 1939. The 1939 allotment for each farm in the county (or administrative area) on which cotton was planted in 1936, 1937, or 1938, will be a percentage of the farm's tilled acreage, excluding the acreage normally devoted to the production of wheat, tobacco, rice, and sugarcane for sugar. This percentage of the cropland will be the same percentage for all farms in the county (or administrative area) except:



1. For farms for which the allotment would otherwise be five acres or less.
  2. No allotment will be larger than the highest cotton acreage planted and diverted in any one of the years 1936, 1937, or 1938.
  3. No allotment will be less than 50 percent of the 1937 planted and diverted cotton acreage, (unless it causes the allotment to exceed 40 percent of the farm's cropland).
  4. A small reserve will be allotted among the farms that would otherwise have an allotment between 5 and 15 acres.
14. Q. Will farms producing cotton in 1939, but on which cotton was not grown during the past 3 years, receive allotments?
- A. Yes. A small reserve acreage will be available in each State to be allotted to these farms.
15. Q. Who handles the local apportionment of individual farm allotments?
- A. The county and community committees.

#### Penalties

16. Q. What will be the penalty for selling cotton which is produced in 1939 in excess of the farm marketing quota?
- A. Three cents a pound on the excess cotton sold, to be collected by the buyer. The penalty was 2 cents in 1938.
17. Q. What will be the penalty for selling cotton in 1939 that was produced in 1938, in excess of the farm marketing quota?
- A. Two cents a pound. However, cotton produced in 1938 which would not have been subject to the penalty if sold at that time may be sold in 1939 without penalty.
18. Q. Is a farmer affected in any other way if quotas are in effect and he knowingly overplants his cotton acreage allotment?
- A. Yes; he loses all conservation payments, loses parity payments on cotton produced in 1938 on the overplanted farm, and loses the opportunity to obtain a loan on the amount of cotton in the marketing quota for his farm.
19. Q. Do all farms have to pay the penalty on excess cotton?
- A. No; the penalty does not apply to cotton produced on any farm

which has received a cotton allotment and on which the production in 1939 is 1,000 pounds of lint cotton or less. However, no conservation payments will be made in any case if the cotton acreage allotment is knowingly overplanted and no parity payment will be made on any farm where the acreage allotment is overplanted.

#### Payments

20. Q. What payments may cotton producers receive in 1939?
- A. Producers who comply with the 1939 program will receive conservation and parity payments. The rate of payment will not be affected by cotton marketing quotas.

#### Loans

21. Q. Does the program provide for cotton loans?
- A. Yes; if marketing quotas are in effect, a loan will be made (1) if the price of cotton on August 1 or at any later date during the marketing year is below 52 percent of parity, or (2) if the 1939 August crop estimate for cotton is greater than a normal year's domestic consumption and exports.
22. Q. Will loans be available in 1939 if marketing quotas are rejected?
- A. No; if quotas are rejected by vote of the producers, loans will not be available between August 1, 1939 and August 1, 1940.
23. Q. What will the loan rate be?
- A. The Act provides that the loan rate be based on 7/8-inch Middling cotton and is to be fixed between 52 and 75 percent of the parity price of cotton. At present the parity price of cotton is 15.7 cents, while the loan rate is 8.3 cents per pound.

#### Safeguards

24. Q. What provision is made for a review of a producer's marketing quota when it seems unfair to him?
- A. Provision is made for appeals to a review committee. The committee is made up of farmers other than members of the local committee which established the farm allotment. It is the duty of the committee to review the method of establishing the quota, to see that the quota was established according to the provisions of the law.
25. Q. How are growers protected in case of a cotton crop failure?
- A. They are assured of conservation and parity payments on their normal production, if they do not exceed their cotton acreage allotments, and meet other provisions of the program.





UNITED STATES DEPARTMENT OF AGRICULTURE  
AGRICULTURAL ADJUSTMENT ADMINISTRATION  
WASHINGTON, D. C.

**QUESTIONS AND ANSWERS—1939 COTTON MARKETING  
QUOTAS AND OTHER FEATURES OF THE A. A. A. FARM  
PROGRAM APPLICABLE TO COTTON**

**A MESSAGE TO ALL COTTON PRODUCERS**

On February 16 of this year, Congress passed the new Farm Act. Even though it was late in the season, farmers immediately set about placing the acreage allotments and marketing quotas in effect. Cotton acreage this year has been successfully held within the acreage allotment. Marketing quotas have proved to be an effective aid toward keeping market supplies more nearly in line with demand.

However, the large carry-over of 13 million bales of cotton resulting from the record 1937 crop still hangs over the market, and cotton prices are not yet restored to the levels of 2 or 3 years ago.

The question to be decided by cotton producers this December is whether they want to keep on using marketing quotas as a means toward reducing the cotton carry-over and strengthening cotton prices.

Every farmer who planted cotton in 1938 should carefully study the cotton situation and the purpose and effects of marketing quotas, and should express his decision by voting.

In order that farmers may have the facts necessary to make their decision, the following questions and answers have been prepared.

**COTTON MARKETING QUOTAS**

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2. Q. What is the purpose of the cotton marketing quota?
  - A. The use of marketing quotas is one means of keeping cotton supplies more closely in line with demand. Quotas also serve as a protection to farmers who plant within their acreage allotments. Without quotas producers who over-

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